

Senate Subcommittee #3
On Health, Human Services, Labor and Veteran Affairs

Hand Outs for March 29th
(Administration's Proposed Trailer Bill Language)

SEC. 16. Section 11004.1 of the Welfare and Institutions Code is repealed.

~~11004.1. (a) In addition to Section 11004, this section shall apply to the CalWORKs program:~~

~~(b) The amount of any CalWORKs grant overpayment shall be the difference between the grant amount the assistance unit actually received and the grant amount the assistance unit would have received under the quarterly reporting, prospective budgeting system if no county error had occurred or if the recipient had timely, completely, and accurately reported as required under Sections 11265.1 and 11265.3. No overpayment shall be established based on any differences between the amount of income the county reasonably anticipated the recipient would receive during the quarterly reporting period and the income the recipient actually received during that period, provided the recipient's report was complete and accurate.~~

~~(c) No CalWORKs grant underpayment shall be established based on any differences between the amount of income the county reasonably anticipated the recipient would receive during the quarterly reporting period and the income the recipient actually received during that period.~~

SEC. 17. Section 11004.1 is added to the Welfare and Institutions Code, to read:

11004.1. (a) In addition to Section 11004, this section shall apply to the CalWORKs program.

(b) The amount of any CalWORKs grant overpayment shall be the difference between the grant amount the assistance unit actually received and the grant amount the assistance unit would have received under the semiannual reporting, prospective budgeting system if no county error had occurred and if the recipient had timely, completely, and accurately reported as required under Sections 11265.1 and 11265.3. No overpayment shall be established based on any differences between the amount of income the county prospectively determined for the recipient for the semiannual reporting period and the income the recipient actually received during that period, provided the recipient's report was complete and accurate.

(c) No CalWORKs grant underpayment shall be established based on any differences between the amount of income the county prospectively determined for the recipient for the semiannual reporting period and the income the recipient actually received during that period.

SEC. 18. Section 11020 of the Welfare and Institutions Code, as amended by Section 26 of Chapter 1022 of the Statutes of 2002, is amended to read:

11020. (a) Where a recipient under a categorical aid program other than CalWORKs has received aid in good faith but in fact owned excess property, he or she shall be considered to have been ineligible for aid during the period for which any excess property would have supported him or her at the rate of the aid granted to him



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or her. ~~In such case~~ Under these circumstances, the recipient or his or her estate shall repay the aid he received during this period of ineligibility.

(b) With respect to recipients under Chapter 3 (commencing with Section 12000) of this part, overpayments shall be collected by the federal government pursuant to federal law.

(c) Where a CalWORKs recipient has received aid in good faith, but in fact owned excess property, the recipient shall have an overpayment equal to the lesser of the amount of the excess property or the aid received during the period the recipient owned the excess property and the grant was not accurately determined under the quarterly semiannual reporting, prospective budgeting system due to the excess property.

SEC. 19. Section 11265.1 of the Welfare and Institutions Code, as amended by Section 1 of Chapter 826 of the Statutes of 1999, is repealed.

~~11265.1. (a) Except as provided in Section 11265.5, in addition to the requirement for the annual redetermination of eligibility, the department shall establish regulations consistent with federal law to implement a recipient monthly reporting system for use in determining monthly eligibility and the amount of the grant. The department shall define what constitutes a complete report and shall specify the deadlines for submitting a complete report, as well as the consequences of, and good cause for, failure to submit a complete report. The department shall adopt fair and equitable regulations implementing the monthly reporting requirement.~~

~~(b) This section shall become inoperative on the date that the director executes a declaration stating that Section 11265.2, as added by the act adding this subdivision,~~



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is fully implemented statewide, and shall be repealed on January 1 of the year following the year in which it becomes inoperative.

SEC. 20. Section 11265.1 of the Welfare and Institutions Code, as added by Section 30 of Chapter 1022 of the Statutes of 2002, is repealed.

~~11265.1. (a) In addition to the requirement for an annual redetermination of eligibility, counties shall redetermine recipient eligibility and grant amounts on a quarterly basis using prospective budgeting. Counties shall use the information reported on a recipient's quarterly report form to prospectively determine eligibility and grant amount for the following quarterly reporting period.~~

~~(b) A quarterly reporting period shall be three consecutive calendar months. The recipient shall submit one quarterly report form for each quarterly reporting period. Counties shall provide a quarterly report form to recipients at the end of the second month of the quarterly reporting period, and recipients shall return the completed quarterly report form with required verification to the county by the 11th day of the third month of the quarterly reporting period.~~

~~(c) Counties may establish staggered quarterly reporting cycles based on factors established or approved by the department, including, but not limited to, application date or case number.~~

~~(d) The quarterly report form shall be signed under penalty of perjury, and shall include only information necessary to determine CalWORKs and food stamp eligibility and calculate the CalWORKs grant amount and food stamp allotment, as specified by the department. The form shall be as comprehensible as possible for recipients and shall require recipients to provide the following:~~



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~~(1) Information about income received during the second month of the quarterly reporting period.~~

~~(2) Information about income that the recipient anticipates receiving during the following quarterly reporting period.~~

~~(3) Any other changes to facts required to be reported, together with any changes to those facts that the recipient anticipates will occur. The recipient shall provide verification as specified by the department with the quarterly report form.~~

~~(e) A quarterly report form shall be considered complete if the following requirements, as specified by the department, are met:~~

~~(1) The form is signed no earlier than the first day of the third month of the quarterly reporting period by the persons specified by the department.~~

~~(2) All questions and items pertaining to CalWORKs and food stamp eligibility and grant amount are answered.~~

~~(3) Verification required by the department is provided.~~

~~(f) If a recipient fails to submit a complete quarterly report form, as defined in subdivision (e), by the 11th day of the third month of the quarterly reporting period, the county shall provide the recipient with a notice that the county will terminate benefits at the end of the month. Prior to terminating benefits, the county shall attempt to make personal contact to remind the recipient that a completed report is due, or, if contact is not made, shall send a reminder notice to the recipient no later than five days prior to the end of the month. Any discontinuance notice shall be rescinded if a complete report is received by the first working day of the first month of the following quarterly reporting period.~~



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~~(g) The county may determine, at any time prior to the last day of the calendar month following discontinuance for nonsubmission of a quarterly report form, that a recipient had good cause for failing to submit a complete quarterly report form, as defined in subdivision (c), by the first working day of the month following discontinuance. If the county finds a recipient had good cause, as defined by the department, it shall rescind the discontinuance notice. Good cause exists only when the recipient cannot reasonably be expected to fulfill his or her reporting responsibilities due to factors outside of the recipient's control.~~

SEC. 21. Section 11265.1 is added to the Welfare and Institutions Code, to read:

11265.1. (a) In addition to the requirement for an annual redetermination of eligibility, counties shall redetermine recipient eligibility and grant amounts on a semiannual basis using prospective budgeting. Counties shall use the information reported on a recipient's semiannual report form to prospectively determine eligibility and grant amount for the following semiannual reporting period.

(b) A semiannual reporting period shall be six consecutive calendar months. The recipient shall submit one semiannual report form for each semiannual reporting period. Counties shall provide a semiannual report form to recipients at the end of the fifth month of the semiannual reporting period, and recipients shall return the completed semiannual report form with required verification to the county by the 11th day of the sixth month of the semiannual reporting period.



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(c) Counties may establish staggered semiannual reporting cycles based on factors established or approved by the department, including, but not limited to, application date or case number.

(d) The semiannual report form shall be signed under penalty of perjury, and shall include only the information necessary to determine CalWORKs and food stamp eligibility and calculate the CalWORKs grant amount and food stamp allotment, as specified by the department. The form shall be as comprehensible as possible for recipients and shall require recipients to provide the following:

(1) Information about income received during the fifth month of the semiannual reporting period.

(2) Any other changes to facts required to be reported. The recipient shall provide verification as specified by the department with the semiannual report form.

(e) A semiannual report form shall be considered complete if the following requirements, as specified by the department, are met:

(1) The form is signed no earlier than the first day of the sixth month of the semiannual reporting period by the persons specified by the department.

(2) All questions and items pertaining to CalWORKs and food stamp eligibility and grant amount are answered.

(3) Verification required by the department is provided.

(f) If a recipient fails to submit a complete semiannual report form, as defined in subdivision (e), by the 11th day of the sixth month of the semiannual reporting period, the county shall provide the recipient with a notice that the county will terminate benefits at the end of the month. Prior to terminating benefits, the county shall attempt



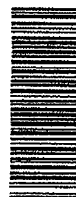
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to make personal contact to remind the recipient that a completed report is due, or, if contact is not made, shall send a reminder notice to the recipient no later than five days prior to the end of the month. Any discontinuance notice shall be rescinded if a complete report is received by the first working day of the first month of the following semiannual reporting period.

(g) The county may determine, at any time prior to the last day of the calendar month following discontinuance for nonsubmission of a semiannual report form, that a recipient had good cause for failing to submit a complete semiannual report form, as defined in subdivision (e), by the first working day of the month following discontinuance. If the county finds a recipient had good cause, as defined by the department, it shall rescind the discontinuance notice. Good cause exists only when the recipient cannot reasonably be expected to fulfill his or her reporting responsibilities due to factors outside of the recipient's control.

SEC. 22. Section 11265.2 of the Welfare and Institutions Code is repealed.

~~11265.2. (a) The grant amount a recipient shall be entitled to receive for each month of the quarterly reporting period shall be prospectively determined as provided by this section. If a recipient reports that he or she does not anticipate any changes in income during the upcoming quarter, compared to the income the recipient reported actually receiving on the quarterly report form, the grant shall be calculated using the actual income received. If a recipient reports that he or she anticipates a change in income in one or more months of the upcoming quarter, the county shall determine whether the recipient's income is reasonably anticipated. The grant shall be calculated~~



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using the income that the county determines is reasonably anticipated in each of the three months of the upcoming quarter.

(b) For the purposes of the quarterly reporting, prospective budgeting system, income shall be considered to be "reasonably anticipated" if the county is reasonably certain of the amount of income and that the income will be received during the quarterly reporting period. The county shall determine what income is "reasonably anticipated" based on information provided by the recipient and any other available information.

(c) If a recipient reports that their income in the upcoming quarter will be different each month and the county needs additional information to determine a recipient's reasonably anticipated income for the following quarter, the county may require the recipient to provide information about income for each month of the prior quarter.

(d) Grant calculations pursuant to subdivision (a) may not be revised to adjust the grant amount during the quarterly reporting period, except as provided in Section 11265.3 and subdivisions (e), (f), (g), and (h), and as otherwise established by the department.

(e) Notwithstanding subdivision (d), statutes and regulations relating to (1) the 60-month time limit, (2) age limitations for children under Section 11253, and (3) sanctions and financial penalties affecting eligibility or grant amount shall be applicable as provided in such statutes and regulations. Eligibility and grant amount shall be adjusted during the quarterly reporting period pursuant to such statutes and regulations effective with the first monthly grant after timely and adequate notice is provided.

(f) Notwithstanding Section 11056, if an applicant applies for assistance for a child who is currently aided in another assistance unit, and the county determines that



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~~the applicant has care and control of the child, as specified by the department, and is otherwise eligible, the county shall discontinue aid to the child in the existing assistance unit and shall aid the child in the applicant's assistance unit effective as of the first of the month following the discontinuance of the child from the existing assistance unit.~~

~~(g) If the county is notified that a child for whom CalWORKs assistance is currently being paid has been placed in a foster care home, the county shall discontinue aid to the child at the end of the month of placement. The county shall discontinue the case if the remaining assistance unit members are not otherwise eligible.~~

~~(h) If the county determines that a recipient is no longer a California resident, pursuant to Section 11100, the recipient shall be discontinued. The county shall discontinue the case if the remaining assistance unit members are not otherwise eligible.~~

SEC. 23. Section 11265.2 is added to the Welfare and Institutions Code, to read:

11265.2. (a) The grant amount a recipient shall be entitled to receive for each month of the semiannual reporting period shall be prospectively determined and calculated using the income the recipient reported actually receiving in the fifth month of the previous semiannual period and other information reported on the semiannual report form.

(b) Grant calculations pursuant to subdivision (a) may not be revised to adjust the grant amount during the semiannual reporting period, except as provided in Section 11265.3 and subdivisions (c), (d), (e), and (f), and as otherwise established by the department.



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(c) Notwithstanding subdivision (b), statutes and regulations relating to the 60-month time limit, age limitations for children under Section 11253, and sanctions and financial penalties affecting eligibility or grant amount shall be applicable as provided in those statutes and regulations. Eligibility and grant amount shall be adjusted during the semiannual reporting period pursuant to those statutes and regulations effective with the first monthly grant after timely and adequate notice is provided.

(d) Notwithstanding Section 11056, if an applicant applies for assistance for a child who is currently aided in another assistance unit, and the county determines that the applicant has care and control of the child, as specified by the department, and is otherwise eligible, the county shall discontinue aid to the child in the existing assistance unit and shall aid the child in the applicant's assistance unit effective as of the first of the month following the discontinuance of the child from the existing assistance unit.

(e) If the county is notified that a child for whom CalWORKs assistance is currently being paid has been placed in a foster care home, the county shall discontinue aid to the child at the end of the month of placement. The county shall discontinue the case if the remaining assistance unit members are not otherwise eligible.

(f) If the county determines that a recipient is no longer a California resident, pursuant to Section 11100, the recipient shall be discontinued. The county shall discontinue the case if the remaining assistance unit members are not otherwise eligible.

SEC. 24. Section 11265.3 of the Welfare and Institutions Code is repealed.

~~11265.3. (a) In addition to submitting the quarterly report form as required in Section 11265.1, during the quarterly reporting period, a recipient shall report the following changes to the county orally or in writing, within 10 days of the change:~~



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(1) The receipt at any time during a quarterly reporting period of income, as provided by the department, in an amount that is likely to render the recipient ineligible, as provided by the department.

(2) The occurrence at any time during a quarterly reporting period of a drug felony conviction as specified in Section 11251.3.

(3) The occurrence, at any time during a quarterly reporting period, of an individual fleeing prosecution or custody or confinement, or violating a condition of probation or parole as specified in Section 11486.5.

(b) Counties shall inform each recipient of the duty to report under paragraph (1) of subdivision (a), the consequences of failing to report, and the amount of income likely to render the family ineligible for benefits no less frequently than once per quarter.

(c) When a recipient reports income pursuant to paragraph (1) of subdivision (a) the county shall redetermine eligibility and grant amounts as follows:

(1) If the recipient reports a change for the first or second month of a current quarterly reporting period, the county shall verify the report and determine if the recipient is financially ineligible. If the recipient is determined to be financially ineligible based on this income, the county shall discontinue the recipient after timely and adequate notice in accordance with rules applicable to the federal Food Stamp program.

(2) If the recipient reports a change for the third month of a current quarterly reporting period, the county shall not redetermine eligibility for the current quarterly



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reporting period, but shall redetermine eligibility and grant amount for the following quarterly reporting period as provided in Section 11265.2.

(d) (1) During the quarterly reporting period, a recipient may report to the county, orally or in writing, any changes in income or household circumstances that may increase the recipient's grant.

(2) Counties shall act upon changes in income reported during the quarterly reporting period that result in an increase in benefits, after verification specified by the department is received. Reported changes in income that increase the grant shall be effective for the entire month in which the change is reported. If the reported change in income results in an increase in benefits, the county shall issue the increased benefit amount within 10 days of receiving required verification.

(3) (A) When a decrease in gross monthly income is voluntarily reported and verified, the county shall redetermine the grant for the current month and any remaining months in the quarterly reporting period by averaging the actual gross monthly income reported and verified from the voluntary report for the current month and the gross monthly income that is reasonably anticipated for any future month remaining in the quarterly reporting period.

(B) When the average is determined pursuant to subparagraph (A), and a grant amount is calculated based upon the averaged income, if the grant amount is higher than the grant currently in effect, the county shall revise the grant for the current month and any remaining months in the quarter to the higher amount and shall issue any increased benefit amount as provided in paragraph (2).



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~~(4) Except as provided in subdivision (c), counties shall act only upon changes in household composition voluntarily reported by the recipients during the quarterly reporting period that result in an increase in benefits, after verification specified by the department is received. If the reported change in household composition is for the first or second month of the quarterly reporting period and results in an increase in benefits, the county shall redetermine the grant effective for the month following the month in which the change was reported. If the reported change in household composition is for the third month of a quarterly reporting period, the county shall not redetermine the grant for the current quarterly reporting period, but shall redetermine the grant for the following reporting period as provided in Section 11265.2.~~

~~(c) During the quarterly reporting period, a recipient may request that the county discontinue the recipient's entire assistance unit or any individual member of the assistance unit who is no longer in the home or is an optional member of the assistance unit. If the recipient's request was verbal, the county shall provide a 10-day notice before discontinuing benefits. If the recipient's report was in writing, the county shall discontinue benefits effective the end of the month in which the request is made, and simultaneously issue a notice informing the recipient of the discontinuance.~~

~~(f) The department, in consultation with the County Welfare Directors Association (CWDA), shall report to the relevant policy and fiscal committees of the Legislature in April 2005 regarding the effects upon program efficiency and integrity of implementation of the midquarter reporting requirement set forth in subdivision (a). The report shall be based on data collected by CWDA and select counties. The~~



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~~department, in consultation with CWDA, shall determine the data collection needs required to assess the effects of the specified midquarter report.~~

SEC. 25. Section 11265.3 is added to the Welfare and Institutions Code, to read:

11265.3. (a) In addition to submitting the semiannual report form as required in Section 11265.1, during the semiannual reporting period, a recipient shall report the following changes to the county orally or in writing, within 10 days of the change:

(1) The receipt at any time during a semiannual reporting period of an increase or decrease in monthly income of one hundred dollars (\$100) or more. The one hundred dollar (\$100) increase or decrease must be reported whether it occurs all at once or accumulates over one or more months of the semiannual period to a point where the recipient's total income has increased or decreased by at least one hundred dollars (\$100).

(2) The starting of a new job by any persons whose income is used in the determination of eligibility, or grant amount, or both.

(3) The occurrence at any time during a semiannual reporting period of a drug felony conviction, as specified in Section 11251.3.

(4) The occurrence, at any time during a semiannual reporting period, of an individual fleeing prosecution or custody or confinement, or violating a condition of probation or parole as specified in Section 11486.5.

(5) A change in household composition.

(6) A change of address for the assistance unit.



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(b) Counties shall inform each recipient of the duty to report under subdivision (a) and the consequences of failing to report no less frequently than once per semiannual period.

(c) During the semiannual reporting period, a recipient may report to the county, orally or in writing, any changes in income or household circumstances that may increase the recipient's grant.

(d) When a recipient reports increases in income of one hundred dollars (\$100) or more pursuant to paragraph (1) of subdivision (a), the county shall redetermine eligibility and grant amounts as follows:

(1) If the recipient reports the increase in income for the first to fifth months, inclusive, of a current semiannual reporting period, the county shall verify the report and determine the recipient's financial eligibility and grant amount.

(A) If the recipient is determined to be financially ineligible based on the increase in income, the county shall discontinue the recipient with timely and adequate notice effective at the end of the month in which the income was received.

(B) If it is determined that the recipient's grant amount should decrease based on the increase in income, the county shall reduce the recipient's grant amount for the remainder of the semiannual period with timely and adequate notice effective the first of the month following the month in which the income was received.

(2) If the recipient reports an increase in income for the sixth month of a current semiannual reporting period, the county shall not redetermine eligibility for the current semiannual reporting period, but shall consider this income in redetermining eligibility



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and grant amount for the following semiannual reporting period as provided in Section 11265.2.

(e) Counties shall act upon mandatorily and voluntarily reported changes in income reported during the semiannual reporting period that result in an increase in benefits, after verification specified by the department is received. Reported changes in income that increase the grant shall be effective for the entire month in which the change is reported. If the reported change in income results in an increase in benefits, the county shall issue the increased benefit amount within 10 days of receiving required verification.

(1) (A) When a decrease in gross monthly income is mandatorily or voluntarily reported in the first to fifth months, inclusive, of the semiannual period and verified, the county shall redetermine the grant based on the recipients newly reported income amount for the current month and any remaining months in the semiannual reporting period.

(B) If the recipient mandatorily or voluntarily reports a decrease in income for the sixth month of a current semiannual reporting period, the county shall redetermine the recipient's grant amount. If it is determined that the recipient's grant should increase, the county shall increase the grant for the sixth month of the semiannual period and also consider this decrease in income in redetermining the recipient's eligibility and grant amount for the following semiannual reporting period as provided in Section 11265.2.



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(f) Counties shall act upon changes in household composition reported by the recipients during the semiannual reporting period after verification specified by the department is received.

(1) If the reported change in household composition is for the first to fifth months, inclusive, of the semiannual reporting period the county shall redetermine the eligibility and grant amount.

(A) If the assistance unit is determined ineligible due to the change in household composition, the county shall discontinue the case with timely and adequate notice effective at the end of the month in which the change occurred.

(B) If it is determined that the grant amount should be decreased as a result of the change in household composition the county shall reduce the recipient's grant amount for the remainder of the semiannual period with timely and adequate notice effective the first of the month following the month in which the change occurred.

(C) If it is determined that the grant amount should be increased as a result of the change in household composition, the county shall increase the grant for the remainder of the semiannual period effective the first of the month following the month in which the change was reported.

(2) If the reported change in household composition is for the sixth month of a semiannual reporting period, the county shall not redetermine the eligibility or grant amount for the current semiannual reporting period, but shall consider this information in redetermining the eligibility and grant amount for the following semiannual reporting period as provided in Section 11265.2.



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(g) During the semiannual reporting period, a recipient may request that the county discontinue the recipient's entire assistance unit or any individual member of the assistance unit who is no longer in the home or is an optional member of the assistance unit. If the recipient's request was verbal, the county shall provide a 10-day notice before discontinuing benefits. If the recipient's request was in writing, the county shall discontinue benefits effective the end of the month in which the request is made, and simultaneously issue a notice informing the recipient of the discontinuance.

SEC. 26. Section 11320.15 of the Welfare and Institutions Code is amended to read:

11320.15. (a) After a participant recipient has received aid for a total of 60 months, pursuant to Section 11454, he or she shall be removed from the assistance unit for the purposes of calculation of aid under Section 11450 and he or she shall no longer be required to participate in welfare-to-work activities. Additional welfare-to-work services may be provided to the recipient, at the option of the county. If the county provides services to the recipient after the 60-month limit has been reached, the recipient shall participate in community service.

(b) If the former recipient in the home satisfies the federal work participation requirements of Section 607 of Title 42 of the United States Code, children in the assistance unit may continue to receive aid under Section 11450.

(c) Additional welfare-to-work services may be provided to the former recipient, at the option of the county.

SEC. 27. Section 11320.32 of the Welfare and Institutions Code is amended to read:



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11320.32. (a) The department shall administer a voluntary Temporary Assistance Program (TAP) for current and future CalWORKs recipients who meet the exemption criteria for work participation activities set forth in Section 11320.3, and are not single parents who have a child under the age of one year. Temporary Assistance Program recipients shall be entitled to the same assistance payments and other benefits as recipients under the CalWORKs program. The purpose of this program is to provide cash assistance and other benefits to eligible families without any federal restrictions or requirements and without any adverse impact on recipients. Subject to the conditions specified in subdivision (b), the Temporary Assistance Program shall commence ~~no later than April 1, 2007, upon a date specified in a declaration by the director and transmitted to the Joint Legislative Budget Committee, when the director has determined~~ all of the following:

- (1) That complying with the provisions of this subdivision are feasible.
- (2) That all necessary statutory and regulatory changes have been made.
- (3) That there will be no adverse impact on recipients who choose to be aided under the TAP.
- (4) That establishing the program has the potential, under federal regulations then in effect, of reducing total state expenditures for aid and services to individuals served by the CalWORKs and TAP programs, including federal penalties imposed upon the state.

~~(b) The department shall review the emergency federal regulations concerning the Temporary Assistance for Needy Families program required by subdivision (c) of Section 7102 of the Deficit Reduction Act of 2005 (P.L. 109-171). If the department~~



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~~finds, upon reviewing these regulations and consulting with the Legislature and CalWORKs program stakeholders, that the Temporary Assistance Program provided for by this section would not be feasible or meet the Legislature's stated purposes, it may suspend implementation of the Temporary Assistance Program until October 1, 2007. In order to suspend implementation, the department shall first provide written justification to the Joint Legislative Budget Committee explaining why the Temporary Assistance Program would be infeasible.~~

(e)

(b) CalWORKs recipients who meet the exemption criteria for work participation activities set forth in subdivision (b) of Section 11320.3, ~~and are not single parents with a child under the age of one year,~~ shall have the option of receiving grant payments, child care, and transportation services from the Temporary Assistance Program. The department shall notify all CalWORKs recipients and applicants meeting the exemption criteria specified in subdivision (b) of Section 11320.3, ~~except for single parents with a child under the age of one year,~~ of their option to receive benefits under the Temporary Assistance Program. Absent written indication that these recipients or applicants choose not to receive assistance from the Temporary Assistance Program, the department shall enroll CalWORKs recipients and applicants into the program. However, exempt volunteers shall remain in the CalWORKs program unless they affirmatively indicate, in writing, their interest in enrolling in the Temporary Assistance Program. A Temporary Assistance Program recipient who no longer meets the exemption criteria set forth in Section 11320.3 shall be enrolled in the CalWORKs program.



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(c) Notwithstanding subdivision (b), if the individual is a single parent with a child under the age of one year, the individual may receive benefits under the TAP only if he or she has received assistance through the Temporary Assistance for Needy Families (TANF) program, Part A (commencing with Section 401) of Title IV of the federal Social Security Act (42 U.S.C. Sec. 601 et seq.) for a cumulative total of 12 months or more as a single parent with a child under one year of age. The department shall notify the individual of his or her option to receive benefits under the TAP, pursuant to this subdivision.

(d) Funding for grant payments, child care, transportation, and eligibility determination activities for families receiving benefits under the Temporary Assistance Program shall be funded with General Fund resources that do not count toward the state's maintenance of effort requirements under clause (i) of subparagraph (B) of paragraph (7) of subdivision (a) of Section 609 of Title 42 of the United States Code, up to the caseload level equivalent to the amount of funding provided for this purpose in the annual Budget Act.

(e) It is the intent of the Legislature that recipients shall have and maintain access to the hardship exemption and the services necessary to begin and increase participation in welfare-to-work activities, regardless of their county of origin, and that the number of recipients exempt under subdivision (b) of Section 11320.3 not significantly increase due to factors other than changes in caseload characteristics. All relevant state law applicable to CalWORKs recipients shall also apply to families funded under this section. Nothing in this section modifies the criteria for exemption in Section 11320.3.



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(f) To the extent that this section is inconsistent with federal regulations ~~due to be issued June 30, 2006,~~ regarding implementation of the Deficit Reduction Act of 2005, the department may amend the funding structure for exempt families to ensure consistency with ~~the June 30~~ these regulations, not later than 30 days after providing written notification to the chair of the Joint Legislative Budget Committee and the chairs of the appropriate policy and fiscal committees of the Legislature.

SEC. 28. Section 11327.5 of the Welfare and Institutions Code is amended to read:

11327.5. (a) Sanctions shall be imposed in accordance with subdivision (b) or (c), as appropriate, if an individual has failed or refused to comply with program requirements without good cause and conciliation efforts, as described in Section 11327.4, have failed.

(b) The sanctions provided for in subdivisions (c) and (d) shall not apply to an individual who is exempt from the requirements of this article but is voluntarily participating in the program. ~~If such an~~ the individual engages in conduct that would bring about the actions provided for in subdivisions (c) and (d), except for his or her status as a voluntary program participant, the individual shall not be given priority so long as other individuals are actively seeking to participate.

(c) Financial sanctions for failing or refusing to comply with program requirements without good cause shall cause a reduction in the family's grant ~~by removing the noncomplying family member from the assistance unit for a period of time specified in subdivision (d) for up to 90 days, by not considering the noncompliant individual's needs in determining the family's need for assistance and calculating the~~



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amount of the assistance payment under Section 11450. If the individual has not resumed full participation in the activities assigned by the county within the 90-day period of aid reduction, the family's aid under this chapter shall be discontinued.

(1) For families that qualify for aid due to unemployment of the family's primary wage earner, ~~the sanctioned parent shall be removed from the assistance unit~~ needs of the noncompliant parent shall not be considered in determining the family's need for assistance and calculating the amount of the assistance payment under Section 11450. Unless the spouse or the family's second parent meets the provisions of subparagraph (A) of paragraph (2), if the sanctioned parent's spouse or the family's second parent is not participating in the program, ~~both neither the sanctioned parent and nor the spouse or second parent shall be removed from the assistance unit~~ have their needs considered in determining the family's need for assistance and calculating the amount of the assistance payment under Section 11450. If neither parent is engaged in full participation in the activities assigned by the county within the 90-day period of aid reduction, the family's aid under this chapter shall be discontinued. The county shall notify the spouse of the noncomplying participant or second parent in writing at the commencement of conciliation of his or her own opportunity to participate and the impact on sanctions of that participation.

(2) (A) Except as provided in subparagraph (B), exemption criteria specified in Section 11320.3, conciliation specified in Section 11327.4, and good cause criteria specified in Section 11320.31 and subdivision (f) of Section 11320.3 shall apply to the sanctioned parent's spouse or the family's second parent.



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(B) Exemption criteria specified in paragraphs (5) and (6) of subdivision (b) of Section 11320.3 do not apply to a spouse or second parent who is participating to avoid the sanction of the noncomplying parent.

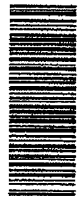
(C) If the sanctioned parent's spouse or the family's second parent chooses to participate to avoid the noncomplying parent's sanction, subsequently fails or refuses to participate without good cause, and does not conciliate, he or she shall be removed from the assistance unit for a period of time specified in subdivision (d) sanctioned in accordance with this subdivision.

(D) If the sanctioned parent's spouse or the family's second parent is under his or her own sanction at the time of the first parent's sanction, the spouse or second parent shall not be provided the opportunity to avoid the first parent's sanction until the spouse or second parent's sanction is completed has performed the activities he or she failed or refused to perform.

(3) For families that qualify due to the absence or incapacity of a parent, only the noncomplying parent shall be removed from the assistance unit needs of the noncomplying parent shall not be considered in determining the family's need for assistance and calculating the amount of the assistance payment under Section 11450.

(4) If the noncomplying individual is the only dependent child in the family, his or her needs shall not be taken into account in determining the family's need for assistance and the amount of the assistance payment.

(5) If the noncomplying individual is one of several dependent children in the family, his or her needs shall not be taken into account in determining the family's need for assistance and the amount of the assistance payment.



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(d) An instance of noncompliance without good cause shall result in a financial sanction. This sanction shall terminate at any point if the noncomplying participant performs the activity or activities he or she previously refused to perform.

(e) Sanctions shall become effective on the first day of the first payment-month that the sanctioned individual's needs are removed from aid under this chapter not considered in calculating the family's aid under Section 11450.

(f) In the event this section conflicts with federal law, the department shall adopt regulations to conform to federal law.

SEC. 36. Section 11450.13 of the Welfare and Institutions Code, as amended by Section 40 of Chapter 1022 of the Statutes of 2002, is amended to read:

11450.13. In calculating the amount of aid to which an assistance unit is entitled in accordance with Section 11320.15, the maximum aid payment, adjusted to reflect the removal of the adult or adults from the assistance unit, shall be reduced by the gross monthly income of the adult or adults removed from the assistance unit, ~~averaged over~~

~~the quarter~~ determined for the semiannual period pursuant to Sections 11265.2 and 11265.3, and less any amounts exempted pursuant to Section 11451.5. Aid may be provided in the form of cash or vouchers, at the option of the county.

SEC. 37. Section 11451.5 of the Welfare and Institutions Code, as amended by Section 329 of Chapter 62 of the Statutes of 2003, is amended to read:

11451.5. (a) Except as provided by subdivision (f) of Section 11322.6, the following income, ~~averaged over the quarter~~ determined for the semiannual period pursuant to Sections 11265.2 and 11265.3, shall be exempt from the calculation of the income of the family for purposes of subdivision (a) of Section 11450:

(1) If disability-based unearned income does not exceed two hundred twenty-five dollars (\$225), both of the following amounts:

(A) All disability-based unearned income plus any amount of not otherwise exempt earned income equal to the amount of the difference between the amount of disability-based unearned income and two hundred twenty-five dollars (\$225).

(B) Fifty percent of all not otherwise exempt earned income in excess of the amount applied to meet the differential applied in subparagraph (A).

(2) If disability-based unearned income exceeds two hundred twenty-five dollars (\$225), both of the following amounts:

(A) All of the first two hundred twenty-five dollars (\$225) in disability-based unearned income.

(B) Fifty percent of all earned income.

(b) For purposes of this section:



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(1) Earned income means gross income received as wages, salary, employer provided sick leave benefits, commissions, or profits from activities such as a business enterprise or farming in which the recipient is engaged as a self-employed individual or as an employee.

(2) Disability-based unearned income means state disability insurance benefits, private disability insurance benefits, temporary workers' compensation benefits, and social security disability benefits.

(3) Unearned income means any income not described in paragraph (1) or (2).

SEC. 38. Section 11453 of the Welfare and Institutions Code is amended to read:

11453. (a) Except as provided in subdivision (c), the amounts set forth in Section 11452 and subdivision (a) of Section 11450 shall be adjusted annually by the department to reflect any increases or decreases in the cost of living. These adjustments shall become effective July 1 of each year, unless otherwise specified by the Legislature. For the 2000-01 fiscal year to the 2003-04 fiscal year, inclusive, these adjustments shall become effective October 1 of each year. The cost-of-living adjustment shall be calculated by the Department of Finance based on the changes in the California Necessities Index, which as used in this section means the weighted average changes for food, clothing, fuel, utilities, rent, and transportation for low-income consumers. The computation of annual adjustments in the California Necessities Index shall be made in accordance with the following steps:

(1) The base period expenditure amounts for each expenditure category within the California Necessities Index used to compute the annual grant adjustment are:



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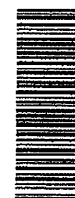
Food.....	\$ 3,027
Clothing (apparel and upkeep).....	406
Fuel and other utilities.....	529
Rent, residential.....	4,883
Transportation.....	1,757
Total.....	<hr/> \$10,602

(2) Based on the appropriate components of the Consumer Price Index for All Urban Consumers, as published by the United States Department of Labor, Bureau of Labor Statistics, the percentage change shall be determined for the 12-month period ending with the December preceding the year for which the cost-of-living adjustment will take effect, for each expenditure category specified in subdivision (a) within the following geographical areas: Los Angeles-Long Beach-Anaheim, San Francisco-Oakland, San Diego, and, to the extent statistically valid information is available from the Bureau of Labor Statistics, additional geographical areas within the state which include not less than 80 percent of recipients of aid under this chapter.

(3) Calculate a weighted percentage change for each of the expenditure categories specified in subdivision (a) using the applicable weighting factors for each area used by the State Department of Industrial Relations to calculate the California Consumer Price Index (CCPI).

(4) Calculate a category adjustment factor for each expenditure category in subdivision (a) by (1) adding 100 to the applicable weighted percentage change as determined in paragraph (2) and (2) dividing the sum by 100.

(5) Determine the expenditure amounts for the current year by multiplying each expenditure amount determined for the prior year by the applicable category adjustment factor determined in paragraph (4).



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(6) Determine the overall adjustment factor by dividing (1) the sum of the expenditure amounts as determined in paragraph (4) for the current year by (2) the sum of the expenditure amounts as determined in subdivision (d) for the prior year.

(b) The overall adjustment factor determined by the preceding computation steps shall be multiplied by the schedules established pursuant to Section 11452 and subdivision (a) of Section 11450 as are in effect during the month of June preceding the fiscal year in which the adjustments are to occur and the product rounded to the nearest dollar. The resultant amounts shall constitute the new schedules which shall be filed with the Secretary of State.

(c) (1) No adjustment to the maximum aid payment set forth in subdivision (a) of Section 11450 shall be made under this section for the purpose of increasing the benefits under this chapter for the 1990-91, 1991-92, 1992-93, 1993-94, 1994-95, 1995-96, 1996-97, and 1997-98 fiscal years, and through October 31, 1998, to reflect any change in the cost of living. For the 1998-99 fiscal year, the cost-of-living adjustment that would have been provided on July 1, 1998, pursuant to subdivision (a) shall be made on November 1, 1998. No adjustment to the maximum aid payment set forth in subdivision (a) of Section 11450 shall be made under this section for the purpose of increasing the benefits under this chapter for the 2005-06 and 2006-07 fiscal years to reflect any change in the cost-of-living. Elimination of the cost-of-living adjustment pursuant to this paragraph shall satisfy the requirements of Section 11453.05, and no further reduction shall be made pursuant to that section.

(2) No adjustment to the minimum basic standard of adequate care set forth in Section 11452 shall be made under this section for the purpose of increasing the benefits



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under this chapter for the 1990–91 and 1991–92 fiscal years to reflect any change in the cost of living.

(3) In any fiscal year commencing with the 2000–01 fiscal year to the 2003–04 fiscal year, inclusive, when there is any increase in tax relief pursuant to the applicable paragraph of subdivision (a) of Section 10754 of the Revenue and Taxation Code, then the increase pursuant to subdivision (a) of this section shall occur. In any fiscal year commencing with the 2000–01 fiscal year to the 2003–04 fiscal year, inclusive, when there is no increase in tax relief pursuant to the applicable paragraph of subdivision (a) of Section 10754 of the Revenue and Taxation Code, then any increase pursuant to subdivision (a) of this section shall be suspended.

(4) Notwithstanding paragraph (3), an adjustment to the maximum aid payments set forth in subdivision (a) of Section 11450 shall be made under this section for the 2002–03 fiscal year, but the adjustment shall become effective June 1, 2003.

(5) No adjustment to the maximum aid payment set forth in subdivision (a) of Section 11450 shall be made under this section for the purpose of increasing benefits under this chapter for the 2007–08 fiscal year.

(d) For the 2004–05 fiscal year, the adjustment to the maximum aid payment set forth in subdivision (a) shall be suspended for three months commencing on the first day of the first month following the effective date of the act adding this subdivision.

(e) Adjustments for subsequent fiscal years pursuant to this section shall not include any adjustments for any fiscal year in which the cost of living was suspended pursuant to subdivision (c).

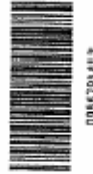


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SEC. 39. Section 11454.2 is added to the Welfare and Institutions Code, to read:

11454.2. (a) An assistance unit shall not be eligible for aid under this chapter when the assistance unit has received aid under this chapter for a cumulative total of 60 months during which no adult was part of the assistance unit because the adults who would otherwise have been members of the assistance unit were in any of the following categories:

- (1) A person not lawfully present in the United States.
 - (2) A person described by subparagraph (A) of paragraph (9) of subdivision (a) of Section 608 of Title 42 of the United States Code.
 - (3) A person convicted of any offense classified as a felony by the law of the jurisdiction involved and which has as an element the possession, use, or distribution of a controlled substance, as defined in paragraph (6) of Section 802 of Title 21 of the United States Code.
- (b) No month in which aid has been received prior to January 1, 1998, shall be taken into consideration in computing the 60-month limitation provided for in subdivision (a).



SEC. 43. Section 18910 of the Welfare and Institutions Code is amended to read:

18910. (a) To the extent permitted by federal law, regulations, waivers, and directives, the department shall implement the prospective budgeting, ~~quarterly~~ semiannual reporting system provided in Sections 11265.1, 11265.2, and 11265.3, and related provisions regarding the Food Stamp Program, in a cost-effective manner that promotes compatibility between the CalWORKs program and the Food Stamp Program, and minimizes the potential for payment errors.

(b) The department shall seek all necessary waivers from the United States Department of Agriculture to implement subdivision (a).

SEC. 44. (a) Sections 16 to 25, inclusive, 34 to 37, inclusive, and 43 of this act shall become operative on January 1, 2009.

(b) Notwithstanding subdivision (a), if a county elects to stagger the reporting periods over six months pursuant to subdivision (c) of Section 11265.1 of the Welfare and Institutions Code, this act shall apply to an individual recipient at the later of the operative date or the sixth month of the semiannual period following that date.

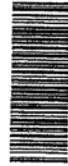
SEC. 45. (a) Notwithstanding the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division



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3 of Title 2 of the Government Code), until emergency regulations are filed with the Secretary of State, the State Department of Social Services may implement the changes made to the Welfare and Institutions Code by Sections 16 to 25, inclusive, 34 to 37, inclusive, and 43 of this act through all-county letters or similar instructions from the director. The department shall adopt emergency regulations, as necessary to implement those amendments no later than July 1, 2010.

(b) The adoption of regulations pursuant to subdivision (a) shall be deemed to be an emergency and necessary for the immediate preservation of the public peace, health, safety, or general welfare. The emergency regulations authorized by this section shall be exempt from review by the Office of Administrative Law. The emergency regulations authorized by this section shall be submitted to the Office of Administrative Law for filing with the Secretary of State and shall remain in effect for no more than 180 days, by which time the final regulations shall be adopted.



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